2/26/87 C0175-1

American Banker

The Daily Financial Services

VOL. CLII NO. 38 Wednesday, February 25, 1987

155389000015 8/15/05 C11
STATISTICAL REFERENCE INDEX
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Year

TODAY

AMERICAN BANKER TOP 25

Citibank became the nation's first deposit taker to hold more than $100 billion in deposits last year, according to the *American Banker's* annual listing of the top 25 banks in deposits and the top 25 banks in assets, published on page... 22

THE AQUINO GOVERNMENT is eager to dispose of billions of dollars in nonperforming assets..... 2

BANKERS DETECT A GLINT of opportunity in Wall Street's insider trading headaches, but they are divided about exploiting it..... 2

A FORMER LOAN OFFICER at Continental Illinois testified that she warned a supervisor of missing loan documents and "housekeeping controls" relating to loan participations with the now defunct Penn Square Bank..... 2

NATIONAL WESTMINSTER BANK became the first British bank to report profits of more than one billion pounds in a year..... 2

THE BANK BOARD is expected to allow use of a liberalized accounting rule for real estate loans, according to Dallas branch officials..... 3

ARIZONA OPENED ITS BORDERS to unlimited interstate banking nearly six months ago, but not much has happened since then..... 3

A FORMER BANKER now running the cable television home shopping service for J.C. Penney Co. thinks the cable service will deliver tens of millions of customers to banks when home banking is added..... 3

THE "NEW COLLARS" — 25 million Americans who are the "working stiffs" of the postindustrial society — are being overlooked, writes Ralph Whitehead... 4

THE CHARMS AND PERILS of backdoor spending are described by Robert J. Samuelson... 5

TECHNOLOGY TODAY

POS TERMINAL GROWTH is about to explode, according to a study by Carmody & Co.... 11

LOAN COLLECTION TECHNIQUES have not kept pace with the record increase in consumer debt, according to a systems vendor who promotes automation as a solution.... 12

UAI TECHNOLOGY INC. has crossed over into personal financial planning with the acquisition of Leonard Financial Planning Systems... 13

VIDEOFINANCIAL SERVICES, formed by seven bank holding companies to promote video banking, is airborne again under its new owners... 14

LITTLEWOOD, SHAIN & CO. has made two of its microcomputer-based payments management systems compatible with Burroughs equipment..... 15

FIND OUT WHO MADE IT to the top in January... 24

Executive Changes..... 18

In the News..... 3

Domestic Mergers Ranked by Price

Acquirer	Acquired	Deal's Value
Chemical New York Corp. New York	Texas Commerce Bancshares Houston	$1.2B*
Security Pacific Corp. Los Angeles	Rainier Bancorp. Seattle	$1.2B*
Wells Fargo & Co. San Francisco	Crocker National Corp., San Francisco	$1.1B
First Wachovia Corp. Winston-Salem, N.C.	First Atlanta Corp., Atlanta	$841.7M
First Union Corp. Charlotte, N.C.	First Railroad & Banking, Augusta, Ga.	$779M

* Proposed

Security Pacific's $1.15 Billion Offer Wins Over Seattle's Rainier Bancorp.

By NINA EASTON
and MIKE PARKS

Rainier Bancorp., Washington State's largest independent bank holding company, will be swallowed by Security Pacific Corp., Los Angeles, in a deal valued at $1.15 billion, officials at both banks said Tuesday.

In securing an agreement from Rainier, Security Pacific edged out First Bank System Inc., Minneapolis, which also forwarded a bid. Rainier confirmed Monday that it was considering proposals from two large out-of-state companies.

The acquisition of the $9.2 billion-asset Seattle company — the third largest banking concern in the Pacific Northwest — is a major coup for Security Pacific, which has been aggressively moving into other states since interstate banking prohibitions began crumbling in the West.

"This creates a regional powerhouse," said Paul H. Bastaad, an analyst with Warburg Rowe & Pitman Akroyd Inc. in San Francisco. "Security Pacific has moved into all of the large economic areas of the West."

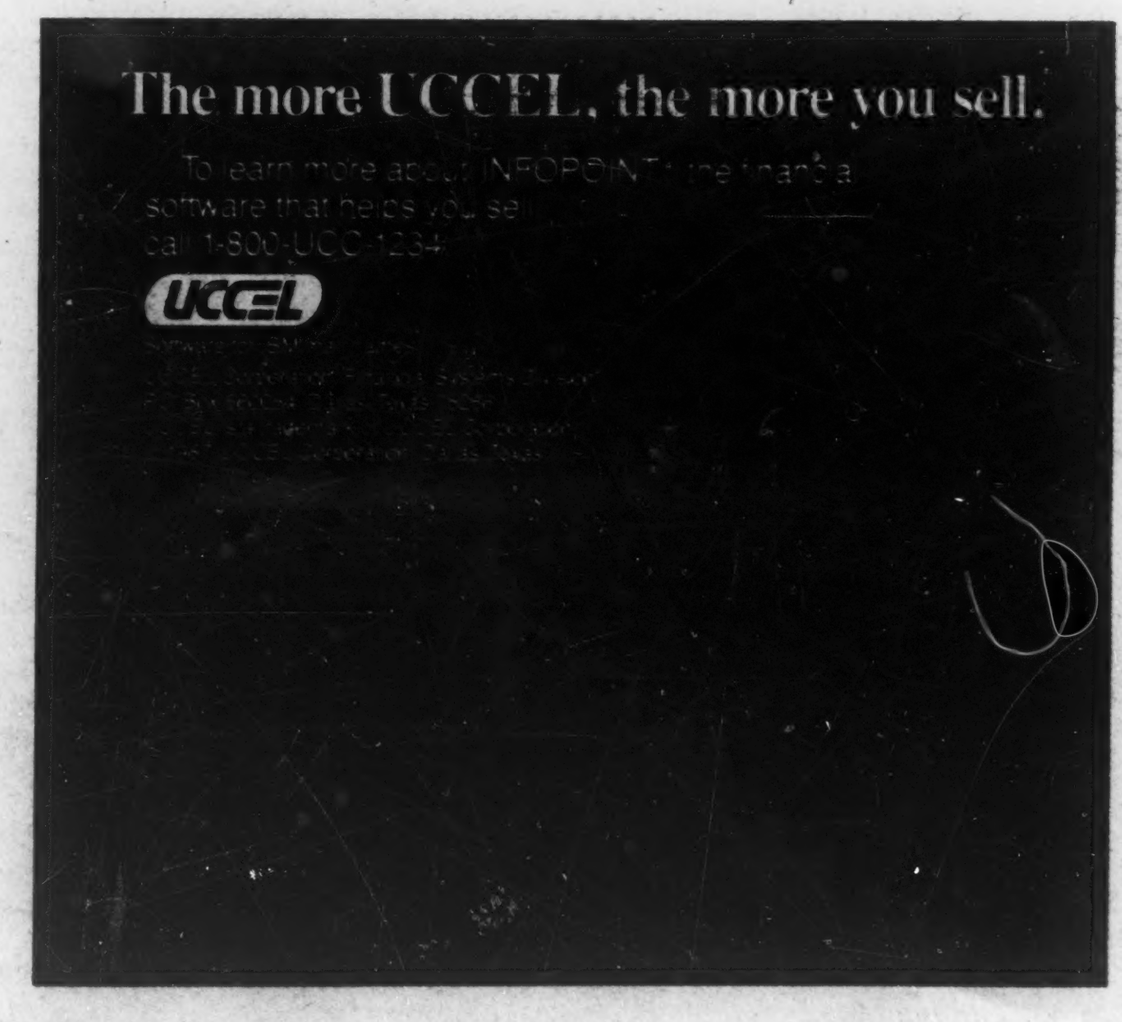
The merger will give Security Pacific a total of $72 billion in assets. It remains the sixth largest bank holding company in the country, but it is fast catching up to the fifth largest, Manufacturers Hanover Trust Co., which has $74.4 billion in assets.

Under the merger agreement, which is still subject to the approval of regulators and the shareholders of both companies, Security Pacific will exchange 1.3 shares of its own stock for each of Rainier's 20.9 million outstanding shares, as well as those Rainier shares that will be issued in its pending acquisition of United Bank in Tacoma, Wash. That deal is expected to close on March 15.

In late-afternoon trading Tuesday, Security Pacific's stock was at $38.25, down $2 from Monday's closing price of $40.25. At the Tuesday afternoon price, the value of the deal to Rainier shareholders would be about $49.75 a share.

Rainier's board of directors voted to approve the deal at 2 a.m. Tuesday after Richard J. Flamson 3d, Security Pacific's chairman and chief executive officer, spent all day Monday in Seattle meeting with board members. Security

Rainier: Page 23 ➤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Baker, Volcker Reassure Hill On Latin Debt

But Fed Chief Says Brazil Creates 'Sizable Problem'

Washington Bureau

WASHINGTON — Treasury Secretary James Baker and Federal Reserve Chairman Paul Volcker teamed up Tuesday to try to convince Congress that current rumblings among international debtors are under control.

Mr. Baker told a panel of the Senate Appropriations Committee that his strategy for resolving Third World debt problems is working. He also said he does not see Brazil's decision to suspend interest payments being followed by other debtor nations.

"We don't see this as something that is going to spread to a lot of other debtor countries," the Treasury secretary said. He expressed confidence that Brazil will resolve its payments situation by negotiating with private creditors.

Mr. Volcker, while taking the same general tone, said the Baker plan to stimulate Third World growth needs new life. And he told the Senate Budget Committee that Brazil's decision last Friday to suspend interest payments on its foreign debt is creating a "sizable" problem.

Mr. Volcker said that management of the debt problems in Latin America and some other developing countries "is again at a critical stage." He urged a renewed understanding by nations and officials wrestling with international debt that debtors and creditors must work together.

The Fed chairman conceded that some of the parties who have been dealing with Third World debt problems now suffer from "battle fatigue."

At his appearance, Mr. Volcker said he would be happy to work with the Brazilian government on a solution to its debt crisis, as long as the nation is working toward a responsible resolution to the problem.

"To fail in carrying through on past efforts or dealing with the new points of strain would plainly jeopardize past successes and threaten new strains on the financial system," Mr. Volcker testified.

Both Mr. Baker and Mr. Volcker represented the U.S. at a gathering last weekend of finance ministers and central bank governors at the Group of Five meeting in Paris Feb. 21. There, it was agreed that currency rates — especially the falling dollar — would be stabilized and that Japan and West Germany in turn would boost internal demand for goods and services to aid U.S. exports and lower the trade deficit.

In the spirit of that meeting, Mr. Volcker urged the Senate budget panel to support international economic cooperation, rather than protectionist trade legislation, as the best way to support global economic growth. Broad protectionist measures would drive up U.S. inflation and interest rates, damage growth abroad and "invite worldwide recession," he said.

Mr. Baker reiterated the Administration's program — commonly called the

Baker: Page 19 ➤

Number of POS Terminals to Grow Tenfold by 1990

By JEFFREY KUTLER

NEW YORK — Growth in point-of-sale payment terminals is on the verge of exploding, with the probability of a tenfold increase by 1990, according to a study by Carmody & Co.

The Fort Lee, N.J., consulting firm, which specializes in electronic funds transfer systems, said that point-of-sale debit terminals will shrug off sluggish growth and expand to 178,000 in 1990 from a national total of 17,300 at mid-1986.

Carmody also predicted that national point-of-sale debit transaction volume will grow to $130.6 million per month in 1990, more than 30 times the $4.2 million in monthly transactions for 1986.

By 1990, supermarkets will overtake gasoline stations to have the largest number of terminals that move funds directly from a consumer's transaction account into a retail store's bank account.

Transactions at gas stations will continue to outnumber supermarket transactions in 1990, as they do today. But together these two retailing categories will account for three of every four electronic POS debits, the same as in 1986, the Carmody projections show.

Carmody derived the results from data compiled for clients over the past two years. They were most recently updated last fall, according to Nancy Grant, a partner in the firm.

Ms. Grant claimed that the projections are more valid than most because Carmody reconciled the conflicting opinions of banking network operators and retailers with research into consumer attitudes.

"This was very tough to do, because bankers and retailers have not been seeing eye to eye," she said. "Bankers tended to be more optimistic than retailers about the number of POS terminals they expected to install over three years. To the extent that the two industries can resolve some of their differences, the bankers' expectations might be seen as indicating a longer-term growth trend."

Growth in Point-of-Sale Debit Terminals

	Mid-1986			1990 (est.)		
Merchant Type	POS Devices	Share of Total	Monthly Trans. Per Terminal	POS Devices	Share of Total	Monthly Trans. Per Terminal
Supermarket	2,249	13%	200	74,760	42%	624
Retail gas	5,536	32%	475	30,260	17%	1,764
Convenience	1,384	8%	475	12,460	7%	1,470
Fast food	nil	<1%	200	17,800	10%	400
Others*	8,131	47%	60	42,720	24%	140
Totals	**17,300**	**100%**	**243**	**178,000**	**100%**	**734**

* Includes major retail stores, with 15% of terminals in 1986 and 4% in 1990.

Source: Carmody & Co.

Ms. Grant added, "We worked with electronic banking networks and retailers to bring their forecasts into line with each other. If they were far apart, we went back to them with information we gathered to come up with a more realistic conclusion. Then we factored in consumer research to determine what they know about POS debit and how they would respond to the service if offered."

Carmody counted 128 million bank debit cards in circulation as of mid-1986. Almost all were issued to permit access to automated teller machines, but financial institution executives regard them as the nucleus for point-of-sale debit programs such as that of Lucky Stores, the California supermarket chain that accepts ATM cards as the equivalent of cash.

Of those 128 million debit cardholders, 58 million said they would use their cards for electronic point-of-sale debits if available, and 34 million actually had access to the service in 1986, the survey showed. Relatively few consumers had used it, however.

Carmody said that 150 million people would have debit cards by 1990, of whom 84 million would use the payment service willingly and that 76 million actually would have access to it.

Retail gasoline stations accounted for 5,536, or 32%, of the 17,300 POS debit terminals as of mid-1986, compared with an anticipated 30,260, or 17%, of 178,000 units in 1990. The number of terminals they have will rise 446%, but their share of the total will be cut virtually in half.

Supermarkets will cause this contraction. They accounted for 13% of terminals in 1986, but that figure is projected to rise to 42% in 1990.

Retail gas stations' share of monthly transactions — 63%, or 2.6 million of 4.2 million nationally in 1986 — will drop to 40%, or 52.2 million of the projected 130.6 million in 1990. The transaction share of supermarkets will increase from 11% in 1986 to 35% in 1990.

In terms of transactions per POS terminal, both gas stations and convenience stores were handling 475 items per month last year compared with 200 at supermarkets, 200 at fast-food restaurants, and 60 at other outlets.

Carmody estimated that transactions per terminal at retail gas stations will rise to 1,764 monthly in 1990, followed by 1,470 at convenience stores, 624 at supermarkets, 400 at fast-food outlets, and 140 elsewhere.

Counting all checkout lanes, a supermarket might be handling 6,000 to 6,500 POS debits per store by 1990, up from 2,000 to 2,500 in 1986. These figures compare with 5,000 transactions per month at an average bank's automated teller machine.

Another recent survey by the newsletter *EFT Report* suggests that the predicted upsurge from the mid-1986 base line of 17,300 terminals as reported by Carmody & Co. may have begun already. The newsletter said 31,000 POS debit terminals were in place at the start of 1987. Lucky Stores alone had 4,500 devices in 450 of its supermarkets.

POS News, another newsletter, said the POS terminal count was up to 27,421 in January 1987 from 17,256 in June 1986, with 64,680 predicted by yearend. ■

Technology Topics

EDS SERVING GMAC: Electronic Data Systems Corp., Dallas, will provide all data processing, telecommunications, and systems development services to General Motors Acceptance Corp. under a five-year, fixed-price, full-facilities-management contract with options to extend to 10 years.

It is the largest contract that Electronic Data Systems, a subsidiary of General Motors Corp., has ever signed with a financial industry client.

EDS has been providing many of these services for GMAC since 1984. During that time, the data processor has installed or enhanced systems that enable GMAC to acquire funds, approve credit, issue investment notes, and arrange for leasing. According to GMAC's vice chairman, Gordon Samardich, these accomplishments contributed to the signing of this long-term contract.

FUJITSU'S COLOR GRAPHICS: United Savings of America has activated the color graphics capability on its Fujitsu ACT 4000 automated teller machines in six metropolitan Chicago locations. They are the first color ATMs in Illinois, according to Kevin R. Murphy, senior vice president of marketing at Fujitsu Systems of America, San Diego.

"We've added color graphics to enhance ATM usage," explained Jerome B. Toigo, senior vice president of administrative services at the $1.4 billion-asset United Savings of America.

"Color makes ATM screens easier to read by highlighting key information. In addition, the use of graphic symbols or 'icons' helps simplify the screen design. We've replaced many words with easy-to-understand symbols, enabling our customers to complete their banking transactions more quickly," Mr. Toigo added.

GULFNET EFT CONFERENCE: GulfNet, the Louisiana-based shared electronic banking network, has scheduled its second annual "EFT Showplace" meeting for March 25-26 at the Marriott Hotel in New Orleans. It falls the week before the Electronic Funds Transfer Association's "World EFT Showcase" to be held in Las Vegas.

The New Orleans program includes nationally prominent speakers on electronic funds transfer including: D. Dale Browning, president, Plus System Inc., and his counterpart, Bruce A. Burchfield, president, Cirrus System Inc.; Thomas O. Bennion, chairman of the Honor System in Florida; Donald Long, a 19-year veteran banking consultant with IBM Corp., and Thom Malin, vice president of sales for TransFirst Corp., Dallas, formerly Money Maker EFT Services.

For information, contact GulfNet, P.O. Box 60279, New Orleans, La. 70160, telephone 800-535-9659 (in Louisiana: 800-462-9511).

FUTURE OF THE ACH: A panel discussion on the future of the automated clearing house payments system will close the National Automated Clearing House Association's annual conference, March 15-18 in San Diego.

Panelists are Joseph P. Coricaci, senior vice president and treasurer, Continental Illinois National Bank and Trust Company of Chicago; Mary L. King, associate professor of management at Rhode Island College and author of "The Great American Banking Snafu"; Martin Mayer, author of "The Bankers" and a contributor to the *American Banker*; and George C. White, consultant and president of White Papers Inc., Montclair, N.J.

Another session has been scheduled to focus on the U.S. Treasury's vendor payment program, wherein government agencies will begin in July to convert check payments to automated clearing house items. The speaker is Loretta Walker, senior program analyst at Treasury.

INSURANCE TECHNOLOGISTS MEET: Office automation, telecommunications, electronic publishing, and productivity are among the topics to be covered at the Life Office Management Association's evolving technologies conference, May 18-20 in Orlando, Fla.

For information, contact Scott K. Allen at the association's headquarters in Atlanta, telephone 404-951-1770.

S&L SWITCHES ALLEGIANCE: Landmark Savings Association, Pittsburgh, dropped out of Mellon Bank's CashStream automated teller machine network and joined the Mac system instead, effective Feb. 2.

Mac, operated by Philadelphia National Bank, consists of 360 machines in western Pennsylvania out of 2,018 in Pennsylvania, Delaware, New Jersey, and New York. Mac is also a part of Plus System Inc., the nationwide network of 13,000 ATMs.

Landmark Savings, with $1.5 billion in assets, has 25 ATMs of its own.

SUCCESS WITH QUADSTAR: First Eastern Bank NA, Wilkes-Barre, Pa., the beta test bank for Quadstar Corp.'s Q-UP/32 fault-tolerant automated teller machine operating system, reported reaching a volume of 4,300 transactions per machine per month for its system that went live last August. Annual transaction volume for its network of 24 Diebold machines was up 17% in 1986.

Quadstar, a Dallas-based subsidiary of Citicorp, designed the system to run on a Stratus/32 computer, whose continuous processing architecture reduces the likelihood of downtime. For First Eastern, the system connects to the Mac regional ATM network.

"We analyzed several vendors and chose Quadstar because we were familiar with their proven ATM software," said William Heverly, assistant vice president at the $1.7 billion-asset bank. "Quadstar proceeded to install the system within our time frame and completed the Mac link in only a week. Overall it was one of the smoothest installations that we've ever had."

NATWEST BUYS SWEDISH: National Westminster Bank USA, New York, is installing 100 Teller Assist Cash Dispensers from Inter Bank Systems Inc., Yonkers, N.Y., the U.S. subsidiary of Inter Innovation of Sweden.

The automatic cash handling units, which will be connected during 1987 to the bank's IBM 4700 teller terminal system, come on top of 22 units tested in NatWest branches since 1984. The latest sale was valued at $1.5 million.

Other Inter Innovation users in North America include Bank of America, Bank of Nova Scotia, Chemical Bank, Citibank, First Fidelity Bank of New Jersey, Marine Midland Bank, PSFS, Royal Bank of Canada, and Government Employees Credit Union of Texas.

CARD MAKER RELOCATES: Perfect Plastic Printing Corp., a plastic card producer in St. Charles, Ill., has outgrown its quarters for the second time in six years.

Its latest facility west of O'Hare Airport outside Chicago includes a windowless factory, a sophisticated electronic surveillance system, and other state-of-the-art systems to maximize productivity and quality. The building, on an eight-acre site, is twice the size of the previous location and has room to double again before another move is necessary, the company said.

COLONIAL PENN PICKS TANDEM: Colonial Penn Group Inc., Philadelphia, one of the largest direct response insurance companies, will install Tandem NonStop systems in a network connecting more than 1,500 personal computers and terminals to its Honeywell and IBM host systems. The network is used for on-line access to multihost systems and for such applications

Technology Topics: Page 15 ➤